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**Memorandum for:**

The attached memorandum was prepared at the request of Secretary of State Shultz in preparation for his trip to Hungary, Romania and Yugoslavia.

Contributions to this memorandum were made by EURA/EE/SE, EURA/EE/CE and EURA/EE/QA branches.

It was prepared on 6 December and sent on 7 December.



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**EURA**

**Office of European Analysis  
Directorate of Intelligence**

Central Intelligence Agency

Washington, D.C. 20505  
Overview

In 1985, Hungary, Romania, and Yugoslavia had more in common than they would have liked. Each struggled with a faltering economy aggravated by energy shortages and large debt obligations to Western creditors. Illness, advanced age, and Tito's legacy have produced leadership uncertainties in the three countries. And all are uneasy about what the Gorbachev era means for their future. At the same time there is a prevailing view in these ruling circles that they are uniquely placed to build bridges between the East and the West. [redacted]

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Although they share similar problems and worries, their strategy to cope with them and the political settings in which these attempts are made are dramatically different. Romania's Ceausescu has responded to shortcomings in his Stalinist, highly personalized system by introducing even more centralized control and coercion. Hungary enjoys the most liberalized system within the Warsaw Pact, but has reached the point where it must introduce more reforms--more than Moscow apparently is prepared to tolerate--if it is going to get out of its economic doldrums. Yugoslavia has the good fortune to be outside the Warsaw Pact, but it has not developed an efficient governing system that will both protect the interests of its rival nationalities and preserve the leading role of the Communist party. [redacted]

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All three countries regard the West and the US in particular as both the cause and the solution to their problems. They badly need Western technology to improve economic growth and raise living standards. To get the modernization process started they borrowed heavily from the West, but for a variety of reasons--including bad management--they have not achieved the desired results. They now blame Western institutions and governments for their debt problems and resent creditor demands for a austerity programs that could provoke social unrest. [redacted]

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But the alternative--even closer relations with the Soviet Union--is not regarded as an attractive option in any of these countries. They would prefer to reduce their dependence on the USSR and become more engaged in Western commerce. To be competitive in that environment, however, the authorities would have to loosen controls, but they have not discovered a way to do that while preserving their Communist party-states. [redacted]

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This memorandum was prepared by the East European Division, Office of European Analysis. Questions and comments may be addressed to [redacted] Chief, East European Division, [redacted]

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HungarySuccession and Reform

The two most recurring topics heard in political conversations in Budapest are the succession question and the prospect for introducing additional economic reforms. At 73, party leader Janos Kadar shows signs of running out of steam and has appointed a deputy to lighten his workload. But Kadar remains involved in all major policy decisions and, despite rumors of declining health, has maintained a very active schedule in recent months, including a trip to London in October. [redacted]

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Prime Minister Thatcher used that opportunity to ask Kadar who his successor might be, but she did not get a straight answer. Last month Kadar told Ambassador Salgo it would be a mistake to name a successor because ensuing political intrigue would destroy whoever was designated. Kadar undoubtedly is also sensitive to the possibility that a designated successor might create conditions that would hasten his own departure from power. [redacted]

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While there appears to be little doubt that Kadar is in charge, the leadership remains divided over the need for further economic reforms. The deliberations at the Hungarian party congress last March seemed to reflect this stalemate, reasserting the party's commitment to reform but taking no action to quicken its pace. [redacted]

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The lack of enthusiasm for additional reforms is related to uncertainties about the impact of the expansion of private enterprise and price liberalization. Reforms to date have created income inequalities and inflationary pressures that seem to have increased public dissatisfaction with the quality of life, and hence, with the regime. There appears to be a widespread perception among Hungarians that they need to work two jobs (some have three) just to maintain their present standard of living; most do not believe that significant improvement is possible. Workers are concerned that greater efforts to rationalize industry will lead to unemployment. The regime seems concerned that such economic developments might lead to open opposition and perhaps even to social instability, in contrast to the heretofore passive compliance of the populace. These fears may be well-founded. [redacted]

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It also is likely that the Hungarians wanted to sound out the new Soviet leader before launching a new series of reforms. [redacted]

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[REDACTED]

The prognosis for an expansion of serious reform in Hungary, therefore, is doubtful. If measures already implemented continue to create as many problems as they solve, the leadership may even order a short-term retrenchment despite the reported willingness of most of Hungary's top-level leaders to give the reforms a chance to succeed. In the post-Kadar period, it is possible that competing elites will stake out pro- and anti-reform positions as a means of winning supporters for their candidacies. Under such circumstances, Hungary's reformist course could be reversed if social problems attendant on reform become the central issue over which the struggle to succeed Kadar is waged. [REDACTED]

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#### A Troubled Economy

Hungarian authorities have grown increasingly pessimistic about their economic situation this year. They initially blamed the unusually harsh winter for the slowdown in economic growth and deterioration in hard currency trade performance. But--as Budapest now acknowledges--the real culprits were longstanding inefficiencies and cutbacks in investment over the past several years that prevented the economy from sustaining last year's modest recovery. [REDACTED]

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The decline of hard currency exports--caused by soft world prices for agricultural products and weaker West European demand for low--quality Hungarian manufactured goods--has been a major disappointment. The USSR has compounded the problem by reducing its special hard currency purchases from Hungary. Budapest in fact may have had to divert some goods from Western markets to eliminate its soft currency trade deficit with the USSR. As a result, the hard currency current account may now be in deficit for the first time in three years. [REDACTED]

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Hungary, however, does not seem to face an imminent financial crisis. Thanks to its good access to Western credit markets, Budapest has built reserves to a record high and lengthened its debt maturity structure. Western bankers seem increasingly concerned about Hungary's large borrowings, however, and may begin to resist new credit requests. And in the years ahead, Hungary will face large debt service payments and will be vulnerable to liquidity problems should short-term credit lines dry up. [REDACTED]

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### Wooing the West

Hungary is probably the most Westernized country in the Soviet Bloc. It has learned to live and prosper (at least compared with most of its Allies) within the limits of what Moscow will tolerate. Most of its policymakers seem convinced that future progress depends on growth in trade with the West. These conclusions are colored not by ideological preferences, but by a realistic appraisal of their own needs, particularly in technology. [redacted]

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Hungarian policymakers are constantly striving to maintain a positive image and dialogue with Western officials and businessmen--as Kadar did in the UK in October and Premier Lazar in Japan in September--in order to expand exports and to obtain credits. Hungarian authorities use every opportunity to remind US officials that the lack of multiyear MFN treatment, tighter COCOM restrictions, and protectionism hamper their efforts to expand economic relations with the West. [redacted]

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Hungarian leaders also are sensible enough to realize that their chances of establishing closer economic contacts with the West are greater when the overall East-West relationship is relaxed. In recent years Budapest has been promoting the notion--in concert with East Germany--that small nations have an important role to play in seeking peaceful solutions to East-West problems. [redacted]

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### Saluting the East

The same sense of realism that makes the West an attractive trade partner compels Hungarian leaders to coordinate all important questions with Moscow. The Hungarian regime remains fundamentally dependent on Soviet support. Given its limited natural resources, Hungary is dependent on the USSR for energy and a wide variety of raw and semi-finished materials. Soviet exports meet more than 75 percent of Hungarian crude oil consumption, 40 percent of natural gas consumption, and 25 percent of electricity consumption. The USSR also meets most of Hungary's import requirements for iron ore, tin, copper, timber, cotton, and fertilizers. In turn, the USSR is the principal buyer of products from Hungarian industry and agriculture, absorbing 45 percent of engineering exports, 40 percent of food exports, and about one-third of consumer goods exports. [redacted]

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Trade figures for 1985 indicate that Hungary has responded to Soviet pressure to reduce its hard currency trade surplus and [redacted]

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balance its ruble trade with the USSR. In our opinion the USSR's insistence on better quality goods and large investments in Soviet energy and raw material development limit the resources Hungary has to increase trade with the West. Moreover, Moscow's pressure for closer ties between Soviet and Hungarian enterprises may reduce the scope for Hungarian managers to pursue contacts with Western firms. [redacted]

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But the Hungarian regime's dependence on Moscow goes beyond economic matters. The Kremlin is, as manifested by the presence of Soviet troops on Hungarian soil, the ultimate guarantor of a Communist regime in Hungary. Kadar and many of his closest associates owe their current positions to the Soviet intervention in 1956. Individual Hungarian leaders recognize that their espousal of a policy significantly at odds with Moscow's can lead to demotion or removal in extreme situations. [redacted]

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Differences with Moscow over an expanded role for private enterprise and national interests notwithstanding, the Hungarian leaders share a common Marxist-Leninist outlook with their Soviet counterparts. Although their beliefs are tempered by Hungary's particular circumstances, Hungarian leaders are reluctant to deviate too far from Soviet wishes. The CPSU is seen by the Hungarian regime as the founder and leader of the world Communist movement, of which it remains a willing member. [redacted]

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RomaniaUnpopular Autocrat

President Ceausescu has dominated the Romanian political scene for two decades, but growing discontent over his economic mismanagement and autocratic style has forced the regime into greater dependence on the security apparatus to enforce his rule. Although the population has remained relatively passive, Romanians appear to hold Ceausescu personally responsible for the economic austerity that has brought about a sharp decline in living standards since 1980. Disaffection among Romania's large Hungarian minority, which numbers nearly two million and is concentrated in the north-central region of Transylvania, has become especially worrisome and caused strains with neighboring Hungary. Harsh security controls imposed since a rash of civil disturbances in 1980-81 have limited protests in recent years mainly to grumbling, occasional anti-regime pamphleteering and graffiti, and increased worker absenteeism. [REDACTED]

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Disaffection also appears to have spread among the lower and middle ranks of the party and state bureaucracy, but the threat of "cadre rotations" and intimidation by the secret police seem to have prevented open opposition to the leadership. Nevertheless, he recently had to militarize the electric power sector [REDACTED]

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[REDACTED] Personnel changes this fall, including the appointment of Foreign Minister Andrei as party secretary in charge of the economy, appear designed to jolt the bureaucracy into greater obedience as the country heads into a second consecutive potentially punishing winter. [REDACTED]

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Ceausescu appears capable for now, with the backing of the security apparatus, of preserving his political supremacy and maintaining domestic tranquillity. Reports that he is seriously ill [REDACTED] however, cloud Romania's political outlook. Although Ceausescu's condition does not appear life-threatening, there is enough uncertainty about the nature and gravity of his illness to raise the possibility of a leadership succession in the next year or so. [REDACTED]

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Succession Possibilities

Ceausescu's departure in the near future would create an enormous power vacuum that would be difficult for any one individual to fill immediately. His wife, Elena, has become a powerful figure over the past decade as his closest adviser and overseer of personnel appointments. She appears to have the inside track to succeed her husband--especially if Ceausescu has

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time to preside over the transition. She would need the support of the inner circle that now backs her husband, however, and she could face an early challenge for the top position. We think Party secretary for cadres Emil Bobu and Prime Minister Constantin Dascalescu, both hard-nosed products of the party apparatus, are the next strongest contenders--along with security chief Tudor Postelnicu, who could also play a kingmaker role. [REDACTED]

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The lack of a clear-cut heir apparent creates a potential for instability and Soviet meddling. Infighting among contenders for power could hobble or even paralyze the policymaking process. If the population's hopes for better times are dashed under a weak and divided leadership, its long-suppressed anger and frustration could quickly boil to the surface and threaten serious unrest. Under such conditions, the Soviets would be tempted to try to regain influence in Bucharest by offering economic assistance in return for political and military concessions and by playing different contenders off one another. [REDACTED]

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### The Soviet Factor

As long as Ceausescu remains in control, Romania is unlikely to succumb to Soviet pressures to temper its maverick foreign policies. Although he has sought closer economic relations with Moscow in recent years in an effort to gain additional energy deliveries and other economic concessions, he has been able to avoid paying a political price that would compromise his relatively independent policies. Moreover, Ceausescu has continued selectively to resist Soviet initiatives in Warsaw Pact councils. He reportedly balked at a proposal to increase military spending at the recent Pact summit in Sofia, and he lately has accorded more even-handed public treatment to US and Soviet positions on disarmament issues. Party-to-party ties remain limited, and the Romanian military continues to have relatively few contacts with its Soviet counterparts. [REDACTED]

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Because of the decline in Romania's trade with the West since 1981, socialist countries now have a larger share of total trade, especially of imports. The value of this trade, however, has not increased much. Trade with the Soviet Union fell off somewhat in 1982-83, but picked up modestly in 1984-85. [REDACTED]

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[REDACTED] Romania has remained less dependent on Soviet energy supplies than most East European countries, with Soviet oil accounting for only 4 percent of supply and imports of Soviet gas for 3 percent of domestic consumption. Soviet-Romanian trade levels are likely to grow slowly in the next 5-year plan period, as some cooperative projects get underway. [REDACTED]

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### Depressed Economy

Romania's strategy for dealing with its Western debt problem has imposed a heavy burden on the economy and population. Bucharest has cut its debt from \$10 billion in 1981 to \$6 billion in 1985 through harsh austerity measures and deep cuts in Western imports. We estimate that the austerity program has cut the standard of living by 20 percent between 1980 and 1985. Energy shortages and a poor harvest this year threaten to accelerate the country's economic decline. President Ceausescu, wedded to rapid debt reduction despite the resulting economic dislocations, has responded to his mounting problems with a series of increasingly coercive measures. [REDACTED]

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Ceausescu has enacted several measures to avert another energy crisis this winter. He implemented an energy conservation program early this year, declared a state of emergency in the electric power system in October, placed it under military control, and later replaced several senior party and government officials responsible for the energy sector. In our opinion, however, such actions will give little boost to electric power production. Because industry has priority in energy use, electricity and heat for households, even with average weather, are likely to fall short of last winter's painfully inadequate supplies. [REDACTED]

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This year's harvest prospects are bleak, partly as a result of energy scarcity. Shortages of electric power prevented sufficient irrigation to offset drought conditions. Shortages of fuel, fertilizer, and pesticides--all items exported for hard currency--also reduced crop yields. We estimate that this year's crop will be about 12 percent smaller than last year's and the smallest harvest since 1975. [REDACTED]

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The domestic food supply has worsened this year. Meat and milk are nearly unobtainable for ordinary citizens, and rations of [REDACTED]

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basic staples have been reduced from last year's meager amounts. The usual improvement in vegetable and fruit supplies did not occur during the summer. Bread rationing was reimposed in some localities. The regime responded in September by purchasing foreign grain, including the first US grain in two years. [redacted]

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Ceausescu's measures have become more coercive as the economy has deteriorated. In addition to militarizing the energy sector, he has ordered students into coal mines, issued a more punitive system of wage reductions for managers who fail to meet production goals, launched an anticorruption campaign in the agricultural sector, and threatened to confiscate crops from farms. He has also spoken about redistributing the rural population, and indicated that he may resettle urban elderly to rural towns. [redacted]

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Ceausescu, intent on reducing Romania's debt, would be loathe to accept another debt rescheduling and consequent IMF "interference" in regime economic policy. He has, however, eased his ban on new bank borrowing. Romania raised an \$80-million loan earlier this year and is close to signing a \$160-million credit needed to cover some of its debt repayments. Bucharest probably will approach Western banks for more credits in order to meet obligations if trade surpluses fall short of needs next year. [redacted]

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### Welcomes the West

Ceausescu values good relations with the West--including the US--as a political and economic buffer against Soviet interference. Romania's relations with the West have been hurt in recent years, however, by Ceausescu's increasingly evident Stalinist proclivities, especially his dismal record on human rights. Bucharest' persecution of religious dissidents has aroused indignation in many Western countries. In addition, its harassment and virtual ransoming of ethnic Germans wishing to emigrate to West Germany has provoked the West Germans, causing some friction during Ceausescu's visit to Bonn last year. [redacted]

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[redacted] Bonn last year expelled five Romanian diplomats caught planning a bomb attack against Radio Free Europe headquarters in Munich, and public revelations in 1982 by a Romanian intelligence officer sent to assassinate two emigre dissidents living in Paris caused a stir in the French press and chilled French-Romanian relations for several months. [redacted]

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Ceausescu is anxious to improve relations with the United States, as reflected by the unusually long and warm initial interview he gave Ambassador Kirk last month. Ceausescu covets the economic benefits close ties with the US can bring--especially as a result of its MFN trading status--and relishes the prestige they bring to him personally. He is particularly sensitive to any hint of "outside interference," however, and we believe he would reject any advice to alter economic or human rights policies, even at the expense of improved relations. [REDACTED]

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YugoslaviaEconomic Trends

Yugoslavia's domestic concerns continue to be dominated by economic problems. The modest success Belgrade has had with its external finances has meant little to the man in the street. Inflation has accelerated to an annual rate of 80 percent, real incomes have fallen by more than 30 percent since 1980, and personal consumption is expected to fall sharply for the fifth year in a row. The number of economically motivated labor strikes, thus far in 1985, moreover, has risen to the highest level in six years, and one out of six Yugoslavs is jobless. Meanwhile, large disparities in wealth remain among republics and provinces. [ ]

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Although there was a modest economic recovery last year, total gross social product--roughly equivalent to GNP--is again expected to decline this year by 1 percent. The downturn largely reflects last winter's severe weather and the effects of this summer's prolonged drought. Growth in industrial output is expected to be half that achieved in 1984, and total agricultural output is expected to decline by more than 12 percent. [ ]

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Yugoslavia has also had difficulty sustaining last year's improvement in hard currency trade and payments. Through October, the country's hard currency trade deficit totaled \$1.1 billion, up 30 percent compared with the same period in 1984, with exports up 3 percent and imports up 7 percent. Nonetheless, Yugoslavia is expected to achieve a convertible current account surplus of \$500 to \$600 million (versus \$865 million in 1984), its third surplus in a row. The IMF expects Yugoslavia to be in full compliance with its 1985 standby program by the end of the year. [ ]

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Tito's Legacy

The highly decentralized political system inherited from Tito has made federal action in addressing economic problems more difficult. To prevent one region or ethnic group from dominating the country, the regions have been granted a high degree of autonomy and virtual veto power over numerous central decisions. The system has succeeded in keeping in bounds age-old rivalries and competing interests. But, coupled with the annual rotation of national state and party leaders in collective bodies, it has often produced deadlocks rather than solutions to pressing problems. The regional bureaucracies also have been able to water down implementation of central decisions. [ ]

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On specific issues, the differences among the factions often are so entrenched--and the factions so evenly balanced--as to

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prevent major shifts in policy. The less-developed southern republics have taken the lead in pressing for changes in the system, advocating steps to restore to Belgrade some of the power it has lost in recent years. But the richer northern republics, notably Slovenia and Croatia, resist moves that would centralize decisionmaking. They fear a return to earlier days when Serbia, the largest republic and seat of the national capital, dominated the federation. A legislative battle this year over distributing foreign exchange earnings highlighted these splits. Disputes are also taking place on ideology and cultural issues. The military is playing a role as a conservative, unifying force. [REDACTED]

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In recent months, however, there have been some tentative signs that the national leadership bodies are reasserting some of their authority. The assertiveness has often shown itself as increased one-upsmanship among the main power centers. With the party congress approaching next June, the Presidium and Central Committee have been meeting more often and intervening on occasion in the legislative process. The party leadership has pushed for passage of a controversial foreign exchange bill in the Federal Assembly and moved to contain some inter-regional disputes. Some of the party's economic statements have supported government policy; others have reflected concern about the impact of government and IMF measures on the public. [REDACTED]

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Other leadership bodies have tried to avoid being outdone. The nine-member State Presidency, which normally performs only an oversight role on domestic economic issues, recently called special meetings to demand government action on rising inflation and falling living standards. The target of some of the criticism from the party and Presidency, Premier Planinc has defended her administration's record but stressed that the government alone cannot bring about economic improvements. Much of the responsibility, she believes, rests with the regions and firms, many of which still favor autarkic, inefficient practices. [REDACTED]

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Much of the assertiveness shown by the party leadership and State Presidency is posturing designed to shore up their lackluster public images. In practice, neither body is likely to supplant the government's economic management role. The main economic decisionmaker, Premier Planinc, is widely credited by Yugoslavs for her forthright and decisive stands. When her nonrenewable term expires in May, however, there are few candidates for the job likely to carry her clout and conviction. [REDACTED]

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Relations among some of the country's many ethnic groups remain tense but thus far are not threatening stability. Ethnic coexistence is maintained by periodic crackdowns on nationalists and by the complex collective leadership system that gives a [REDACTED]

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proportional voice to each group. The greatest strains are in the southern province of Kosovo, where ethnic Albanians took to the streets in 1981 to protest domination by the Serbs. The regime has since kept the lid on Albanian nationalism but has been unable to resolve the deeper, historical issues. The country's potentially most destabilizing ethnic rivalry, between Serbs and Croats, remains fairly muted. [REDACTED]

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### Relations With The Soviet Union

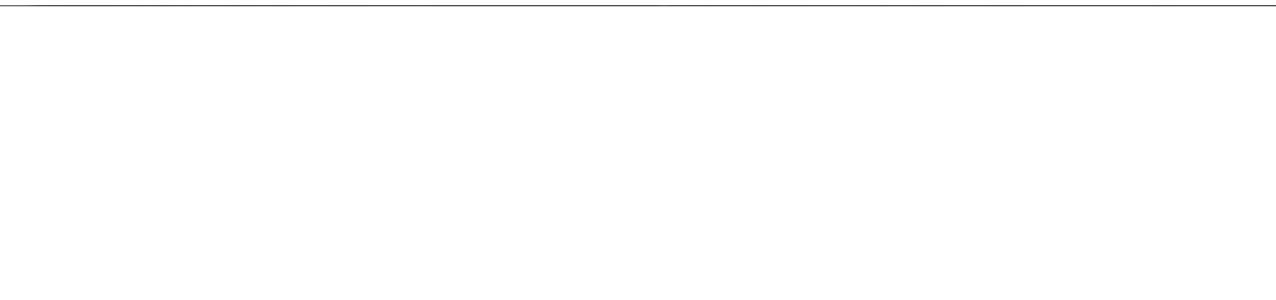
Belgrade's ties to Moscow have not changed since Gorbachev took power. Yugoslavia continues to stress a balance in its relations with the superpowers. Yugoslav Foreign Secretary Dizdarevic will go to Moscow later in December following your visit, according to diplomatic sources. Similarly, Premier Planinc visited the USSR last July following her stay in Washington. [REDACTED]

Planinc's visit to Moscow, the last major Soviet-Yugoslav contact, apparently was the occasion for cool, correct talks with the new Soviet leader. Moscow reaffirmed formal respect for Yugoslavia's independence, but relations are unlikely to get much closer. While the Yugoslavs seem impressed with Gorbachev's dynamism, they are aware it could work against them, particularly on economic issues. [REDACTED]

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Yugoslavia has close economic ties with the Soviet Union, its largest trading partner. The USSR provides about half of Yugoslavia's total energy imports, including more than half of its crude oil imports and 90 percent of its natural gas imports. Energy imports typically account for about 60 percent of all Yugoslav imports from the USSR. Trade is valued at world market prices but is conducted on a clearing account basis, thus reducing hard currency expenditures. [REDACTED]

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Belgrade also views Moscow as a stable market for a variety of exports--machinery and equipment, ships, footwear, and other consumer goods--some of which cannot be readily sold in Western markets. In 1984 the USSR absorbed 28 percent of total Yugoslav exports. Despite the USSR's importance as a trading partner, [REDACTED]

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there is no evidence that Belgrade accepts linkage between economic and political cooperation; indeed, there is little real evidence that Moscow has tried to exert economic leverage in recent years. Since 1979, when trade ties expanded, Yugoslavia and the USSR have differed on a number of key international issues, including Afghanistan, Cambodia, and the course of the Nonaligned Movement, in which Belgrade is a leading moderate member. [redacted]

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### Ties to US

Belgrade's ties to Washington have shown gradual improvement over the years, although there are recent hints of nervousness over the level of US support. The Yugoslavs particularly appreciate signs of American resolve in combatting anti-regime activities by Yugoslav emigres. Strains in relations have resulted mainly from differences over Yugoslav debt reschedulings, Belgrade's sometimes spotty human rights record, and terrorism-related incidents such as the Abu Abbas affair. [redacted]

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Topping US-Yugoslav economic issues is Yugoslavia's hopes for obtaining a multiyear rescheduling agreement (MYRA) from official creditors next spring. Belgrade believes a MYRA is warranted by last year's economic turnaround, progress in correcting external trade imbalance, and a series of economic reforms that we think the Federal Parliament will pass before the first of the year. [redacted]

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Belgrade clearly views the US as the key to obtaining this agreement. It knows that some European governments are now leaning against a MYRA and are skeptical that proposed economic reform measures will be fully implemented. According to the Yugoslavs, however, these governments would probably approve this concession if the US got behind it. [redacted]

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A MYRA would demonstrate US support and strengthen the hand of the more moderate elements of the regime which support the IMF stabilization measures. At the same time, without some type of strict financial oversight or leverage, Belgrade may not actively pursue economic reform. The departure of Premier Planinc next spring could heighten this risk because her successor may not have her commitment to IMF measures. [redacted]

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Other important economic issues include the recent US imposition of a countervailing duty on imports on Yugoslav steel pipe and Treasury Secretary Baker's proposals on global debt at the recent IMF/World Bank Meetings in Seoul. Belgrade reportedly welcomes US government involvement in the global debt problem and

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appreciates the concept of the plan, but it apparently does not understand how the plan would be applied and is likely to push for more details. [REDACTED]

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On the political side, Belgrade seems eager to set the Abu Abbas affair behind it, although it is unlikely to take any new steps to jeopardize its good ties to the PLO. This relationship began in the early 1960s, when Tito first articulated formal Yugoslav support for national liberation groups. [REDACTED]

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We believe the Yugoslav government--claims by Yugoslav officials notwithstanding--made a conscious decision to allow Abu Abbas entry. Belgrade appears to have assumed that the US extradition request was only pro forma and that no lasting damage would result. [REDACTED]

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Belgrade provides this assistance for a variety of reasons:

- Military sales to Arab states are a lucrative source of hard currency for Yugoslavia. Belgrade does not want to lose access to this market by denying sales to Palestinian terrorist factions.

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-- Belgrade does not want to jeopardize its access to Middle Eastern oil.

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-- Yugoslavia cooperates with radical elements to keep them from staging terrorist acts on Yugoslav soil.

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SUBJECT: Hungary, Romania and Yugoslavia

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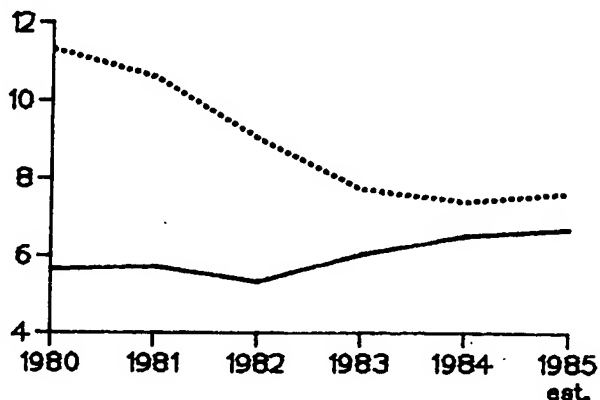
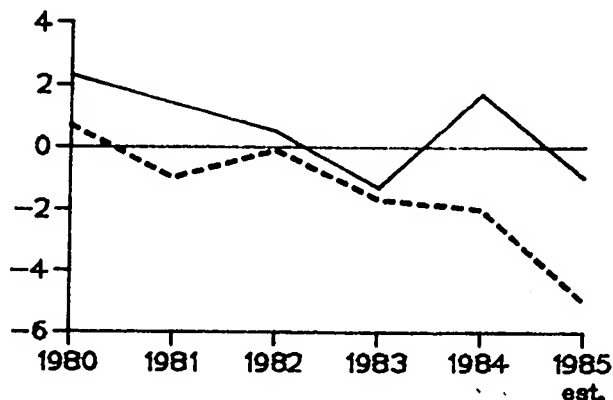
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# Economic Indicators

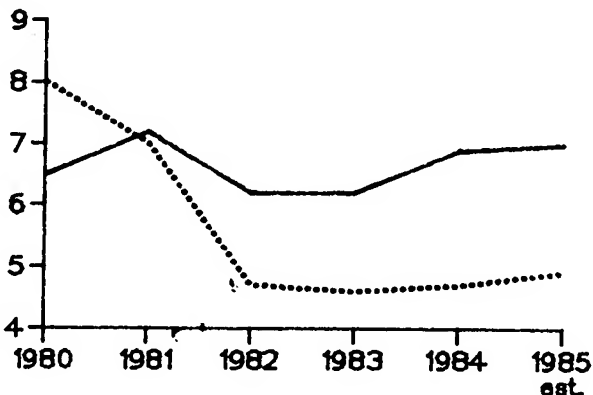
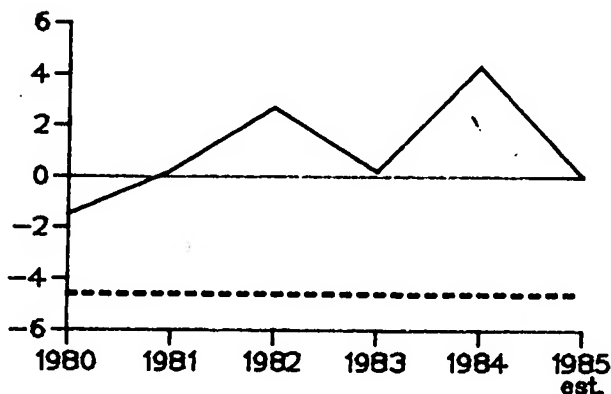
**Domestic Performance**  
Percent Change

**Hard Currency Trade**  
Billion US \$

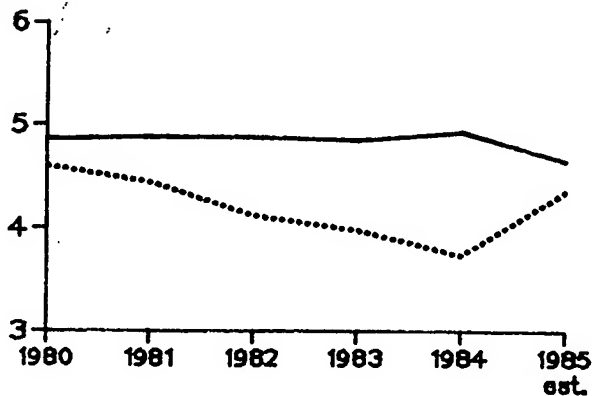
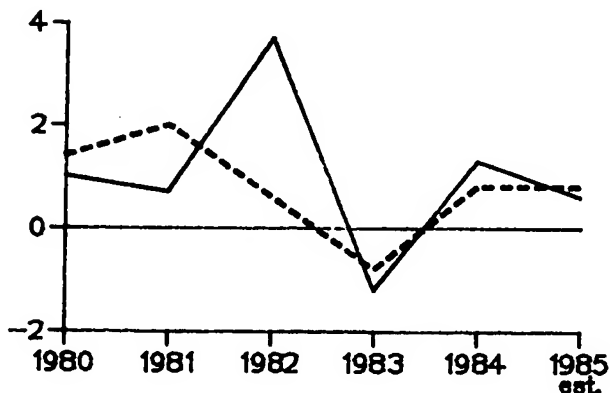
## Yugoslavia



## Romania



## Hungary



GNP

REAL PERSONAL CONSUMPTION

EXPORTS

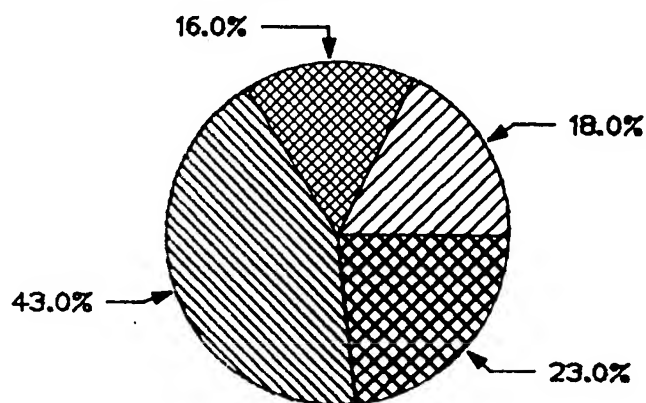
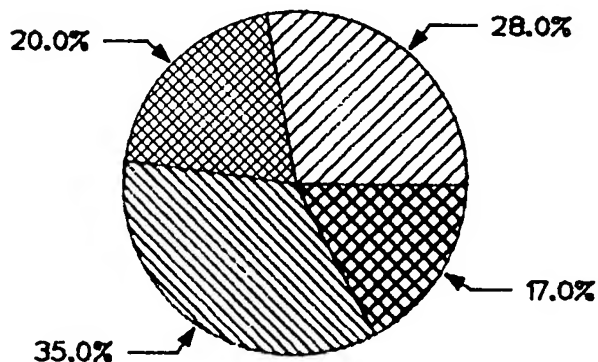
IMPORTS

# Regional Distribution of Trade in 1984

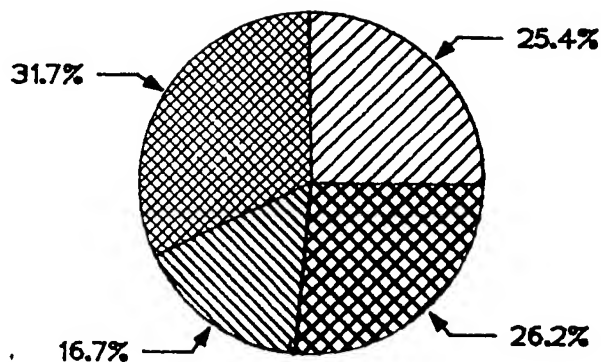
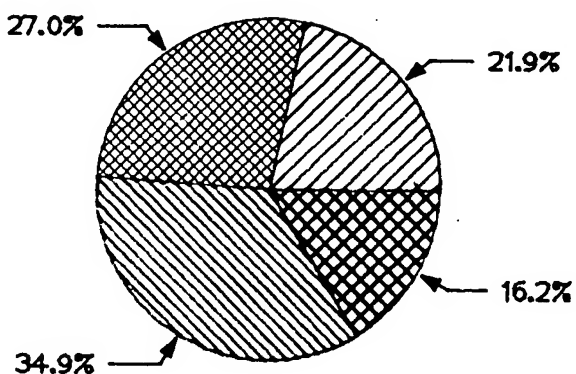
EXPORTS

**Yugoslavia**

IMPORTS



**Romania**



**Hungary**

